

Message Text

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13

ACTION EUR-25

INFO OCT-01 IO-12 ADP-00 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 EB-11 FRB-02 H-02 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-10 PA-03 RSC-01 AID-20 CIEP-02 SS-15

STR-08 TAR-02 TRSE-00 USIA-12 PRS-01 OMB-01 RSR-01

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R 241854 Z MAY 73

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 5273

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS UNN

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION GENEVA

USMISSION OECD PARIS UNN

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PASS AGRICULTURE

E. O. 11652; N/ A

TAGS: ETRD, EEC, FR

SUBJECT: FRENCH ATTITUDE ON TRADE NEGOTIATIONS, INCLUDING
AGRICULTURAL ASPECTS

REF: (A) PARIS 14196; (B) PARIS 14396

1. SUMMARY. THE FRENCH PERMANENT REPRESENTATIVE TELLS
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US THAT HE EXPECTS THE GATT MULTILATERAL TRADE NEGOTIATIONS TO GO AHEAD AND THAT HE PERSONALLY UNDERSTANDS THE US POSITION ON RECIPROCITY AS EXPLAINED IN AMBASSADOR EBERLE' S MAY 10 CLARIFICATION OF SECRETARY SHULTZ' S COMMENT. ON AGRICULTURE, THE FRENCH PERM REP REITERATED THE STANDARD LINE ABOUT " NON- NEGOTIABILITY" OF THE CAP PRINCIPLES BUT THOUGHT THE CAP WOULD HAVE TO BE " ADAPTED" FOR INTERNAL EC REASONS. IN THE CRUCIAL GRAINS SECTOR, HE PERSONNALLY THOUGHT AN INTERNATIONAL COMMODITY AGREEMENT THE KEY TO SUCCESSFUL NEGOTIATIONS. END SUMMARY.

2. ON MAY 23, AMBASSADOR GREENWALD AND THE FRENCH PERMANENT REPRESENTATIVE, BURIN DES ROZIER, INFORMALLY REVIEWED THE CURRENT STATE OF PLAY ON MTN. BURN DES ROZIER SAID THAT, DESPITE WHAT WE MIGHT HAVE HEARD ABOUT JOBERT' S POSITION AT THE MAY 14-15 EC COUNCIL MEETING (EC BRUSSELS 2761), HE DID NOT THINK ANY EC MEMBER GOVERNMENT (READ FRANCE) QUESTIONED THE BASIC DECISION TO PROCEED WITH THE NEGOTIATIONS. BURIN DES ROZIER DESCRIBED THE FRENCH ATTITUDE ON A POSSIBLE " LINK" BETWEEN THE TRADE AND MONETARY AREAS IN FAMILIAR TERMS, I. E., NO DIRECT LINK BUT TRADE NEGOTIATIONS ONLY MAKE SENSE IN THE PERSPECTIVE OF RETURN OF A STABLE MONETARY SYSTEM.

3. ON THE RECIPROCITY QUESTION, BURN DES ROZIER INDICATED THAT HE WAS FAMILIAR WITH THE MAY 10 EBERLE/ MILLS EXCHANGE CLARIFYING SECRETARY SHULTZ' S COMMENT. HE INDICATED THAT THE EBERLE STATEMENT IS IN LINE WITH THE FEBRUARY 1972 US- EC DECLARATION WHICH FRANCE, OF COURSE, ACCEPTED. HE PERSONALLY THOUGHT AMBASSADOR EBERLE' S INTERPRETATION MADE GOOD SENSE IN POINTING OUT THAT " OVERALL RECIPROCITY" WOULD HAVE TO TAKE ACCOUNT OF CONCESSIONS GOING BEYOND THE CLASSICAL TARIFF FIELD.

4. ON AGRICULTURE, BURIN DE ROZIER SAID THAT HE AND HIS COLLEAGUES HAVE BEEN SCRATCHING THEIR HEADS TO SEE WHAT MIGHT BE NEGOTIABLE IN THE MTN CONTEXT. FOR THE FRENCH, THE NON- NEGOTIABLE CAP PRINCIPLES WOULD INCLUDE THE CONCEPT OF UNIFIED EC PRICE SUPPORTS AS THE MAIN LIMITED OFFICIAL USE

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INSTRUMENT FOR PROVIDING FARM INCOME. (COMMENT: BURIN DES ROZIER CHARACTERIZED ALL OF HIS COMMENTS AS PURELY PERSONAL BUT WE DOUBT THAT THEY COULD GO FAR BEYOND THE CURRENT LINE IN PARIS.) INTERESTINGLY, HE ADDED THAT, WHILE CAP PRINCIPLES - INCLUDING THE COMMON PRICE SUPPORT SYSTEM -- COULD NOT BE THE SUBJECT OF INTERNATIONAL BARGAINING, IT IS CLEAR THAT THE CAP

IS NOT WORKING WELL. ANYONE WHO HAD DOUBTS ON THIS SCORE PROBABLY HAD HIS MIND CHANGED BY THE RECENT LUXEMBOURG MEETING OF AGRICULTURAL MINISTERS. HE RECOGNIZED THAT THE PRESENT SYSTEM GIVES EXCESSIVE WINDFALL PROFITS TO EFFICIENT FARMERS WITHOUT PROVIDING SUFFICIENT INCOME FOR SMALL FARMERS OR THOSE IN BACKWARD REGIONS.

5. BURIN DE ROZIERES SAID THAT, IN LIGHT OF THE FOREGOING SITUATION, HE THOUGH THERE WOULD HAVE TO BE ADAPTATIONS TO THE CAP. SOME PEOPLE FAVORED A KIND OF MIXED SYSTEM THAT WOULD PRESERVE THE CONCEPT OF PRICE SUPPORTS AT THE LEVEL REQUIRED BY EFFICIENT FARMERS WITH INCOME PAYMENTS TO TAKE CARE OF THE REST. HE SAW SOME CONSIDERABLE DIFFICULTIES AND DANGERS IN THIS APPROACH; E. G., THE PROBLEM OF WHERE TO DRAW THE LINE IN PROVIDING INCOME SUPPLEMENTS. HE EMPHASIZED, HOWEVER, THE FRENCH VIEW THAT THE COMMUNITY HAD TO RETAIN FULL AUTONOMY OF DECISION- MAKING AND COULD NOT SUBMIT THE BASIC INSTRUMENTS OF THE CAP TO INTERNATIONAL NEGOTIATION.

6. IN CONNECTION WITH MTN, BURIN DES ROZIERES SAID THE GRAINS SECTOR IS THE KEY TO SUCCESS AND THOUGH THAT AN INTERNATIONAL COMMODITY AGREEMENT MIGHT PROVIDE THE ANSWER. HE DESCRIBED THE POSSIBLE ELEMENTS OF SUCH AN AGREEMENT IN FAMILIAR TERMS: A PRICE "FOURCHETTE"; COMMITMENT FOR STOCKPILING; AND COMMITMENT FOR FOOD AID.

7. WE RECALLED US SKEPTICISM ABOUT COMMODITY AGREEMENTS STEMMING IN PART FROM THE PAST UNSATISFACTORY EXPERIENCE WITH THEM. IN PARTICULAR, AMBASSADOR GREENWALD POINTED OUT THAT, WITHOUT THE ULTIMATE DISCIPLINE OF PHYSICAL PRODUCTION CONTROLS OR SOME EFFECTIVE MEANS OF SUPPLY MANAGEMENT, SUCH AN INTERNATIONAL AGREEMENT TENDS TO BREAK DOWN UNDER THE LIMITED OFFICIAL USE

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PRESSURE OF SURPLUSES. BURIN DES ROZIERES REPLIED THAT, IF THE COMMUNITY UNDERTOOK INTERNATIONAL ENGAGEMENTS, IT WOULD HAVE AN OBLIGATION TO RECONCILE THESE WITH ITS DOMESTIC POLICIES. HE DID NOT RPT NOT GO SO FAR AS TO SUGGEST THAT DIRECT OR INDIRECT PRODUCTION CONTROLS WOULD BE ACCEPTABLE IN THE FRAMEWORK OF INTERNATIONAL COMMITMENTS. BUT HE DID IMPLY THAT, IF STOCKPILING AND FOOD AID PROVED INSUFFICIENT IN MAINTAINING INTERNATIONAL PRICE COMMITMENTS, THE COMMUNITY WOULD HAVE AN OBLIGATION TO TAKE ADDITIONAL INTERNAL MEASURES -- THE NATURE OF SUCH MEASURE BEING DECIDED BY THE COMMUNITY AUTONOMOUSLY. GREENWALD

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